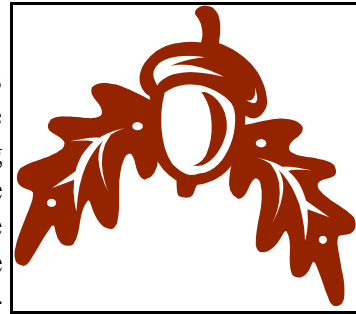


NHID E-NEWS

Issue 3
October 2004

COMMENTS FROM THE COMMISSIONER'S OFFICE

The Department recently sought assistance from the state's Chambers of Commerce in alerting their members of possible health insurance scams. Scam operators have been targeting small businesses of late, via fax and other means, to purchase what appear to be health insurance plans for employees. These scams typically market their "premiums" with a price range from \$49.95 to \$129.99 per employee per month. Our investigations indicated that many of these offers were not from insurance companies and were not insurance. We learned that many of these offers are outright scams. Through our letter we have urged Chamber members to contact the Department to learn if these plans are licensed prior to purchasing. We also issued a press release in an effort to effect even wider dissemination of information on these fake health insurance plans.



The scams work by attempting to sell what appears to be health insurance at rock bottom prices – typically less than \$100 per month per person. They promise expansive "benefits", like chiropractic care, optical care and dental care for no extra cost. The scams investigated frequently promise an extensive network of health care providers – they may even supply a list of doctors in their "network"- but often the providers on the lists are either fictitious or have no knowledge that they are "in-network". During our investigations, physicians stated they had never heard of the plans where they were listed as "in-network" providers. Typically, the plan is "too good to be true" - health history is irrelevant, all applicants are accepted and no medical examinations are required to qualify. Sales representatives (typically third party telemarketing firms) may state that the company is licensed by the federal government or is not subject to New Hampshire Insurance Department jurisdiction.

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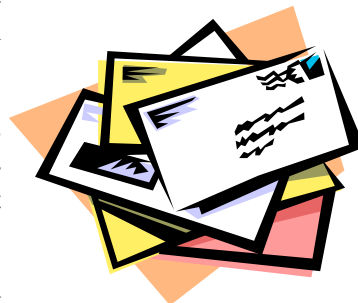
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COMMENTS FROM THE COMMISSIONER'S OFFICE, CONT.

To obtain written information on the plan you must usually first provide a credit card or bank account number. We have learned that at least one of these plans purports to be located in Washington, D.C., but in fact is located in Canada with a Washington, D.C. mail drop, but no physical presence. You are not provided straightforward or complete answers to your questions. Scams may also use names that are deceptively similar to legitimate insurance companies and use terminology usually associated with legitimate insurance policies, like "benefits" or "coverage". Deceptive sales techniques, like special rates that will soon expire, are also used to lure victims.

We have encouraged anyone who believes they may have been victimized or defrauded by one of these scams to contact their local law enforcement officials. Because these scams are not licensed by the Insurance Department, only law enforcement can assist victims.

We hope that by educating New Hampshire's insurance consumers we can make New Hampshire unattractive and unprofitable to insurance scam operators. Consequently, we have issued press releases, placed information on these scams on our web site (www.nh.gov/insurance/) and have included links to the National Association of Insurance Commissioner's "Stop, Call and Confirm" campaign, which likewise is attempting to educate the public about insurance scams.



COMMISSIONER APPOINTS HEALTH INSURANCE ADVISORY COMMITTEE

As health benefits evolve toward increasing levels of consumer cost-sharing, the question arises whether consumers have access to the information necessary to get the best value for their healthcare dollar. Good information on price and quality are necessary tools to consumer driven healthcare. The Commissioner has appointed a Health Insurance Advisory Committee that is charged with developing a plan for collecting healthcare payment data that will be used by the Department to create a 'Shopper's Guide to Health Care' and to identify other barriers to competition in the healthcare delivery and financing system. This guide will be limited in scope and act as a precursor to the database that will be developed as part of a comprehensive healthcare information system. This is an effort to begin providing New Hampshire consumers with the information necessary to make informed decisions about the purchase of healthcare -- information critical to the success of high deductible, HSA compatible products. For more information on the Health Insurance Advisory Committee, call Leslie Ludtke, the Department's Health Policy Analyst at 603-271-2261.

"This is an effort to begin providing New Hampshire consumers with the information necessary to make informed decisions about the purchase of healthcare"

2005 LEGISLATIVE PROPOSALS

While the Department has not finalized its list of proposed legislation for the 2005 Session, it is contemplating the following:

- Pursuing a reduction of the premium tax
- Updating existing RSA 417 Unfair Trade Practices
- Adopting the NAIC Model on Market Conduct Surveillance
- Establishing a mechanism to deal with unlicensed entities
- Adopting the NAIC Model on Market Conduct Record Retention
- Adopting a new law on captive insurance companies

The Department will, of course, have a "technical" bill to address other issues in the insurance statutes. One item within the technical bill deals with premium tax payments via electronic fund transfers and provides a graduated reduction in the tax amount required to be paid electronically.



RULEMAKING—SUMMER/FALL 2004

The New Hampshire Insurance Department currently has the following rulemaking in progress. For additional information refer to the NHID Website: www.nh.gov/insurance/

Ins 308 Life and Health Reinsurance Agreements

The purpose of this rulemaking proceeding is to readopt with amendment Ins 308 by aligning the rule with the NAIC model. A public hearing is scheduled for October 19, 2004 at 11:00 a.m. at the Department.

Ins 600 Credit for Reinsurance

The purpose of this rulemaking proceeding is to readopt with amendment Ins 600 by aligning the rule with the NAIC model. A public hearing is scheduled for October 19, 2004 at 11:30 a.m. at the Department.

Ins 1400 Automobile Insurance

This rulemaking proceeding is intended to make final typographical and grammatical amendments to Ins 1400, as well as final industry and facility adjustments. A public hearing on this rule is scheduled for October 19, 2004 at 10:00 a.m. at the Department.

Ins 2500 Home Warranty Associations

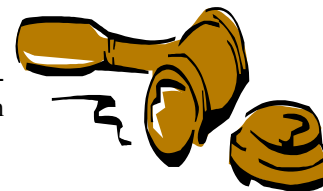
The Department has begun rulemaking proceedings to repeal Ins 2500 made obsolete by the passage of 2004 Chapter 224 (SB 448). We anticipate a public hearing will be scheduled sometime in November 2004.

Ins 3507 Valuation of Life Insurance Policies

This completed rulemaking proceeding recognizes, permits and prescribes the use of the 2001 Commissioners' Standard Ordinary (CSO) Mortality Table. Rule Adopted 08/20/04; Effective 09/01/04.

Ins 4000 Uniform Reporting System for Health Care Claims Data Sets

The purpose of this rulemaking proceeding is to set forth the uniform reporting requirements for content, format and schedule of filing encrypted claims data and HEDIS information as required by RSA 420-G:11. The public hearing was held on September 29, 2004.



IT'S OFFICIAL—WE HAVE MOVED!

On August 16th, the Insurance Department officially opened for business in the recently renovated Walker Building located on South Fruit Street in Concord. Our new address is 21 South Fruit Street, Suite 14, Concord, NH 03301.

We want everyone to have the opportunity to see our new "digs" and will be scheduling an OPEN HOUSE in the near future.

Directions:

From Main Street, Concord take Pleasant Street west to 5-corner traffic light at Concord High School, turn left onto South Fruit Street. The Walker Building will be on your left. Our entrance is on the south end of the Walker Building.

From Clinton Street, (Rte. 89, Exit 2), bear right off ramp, to traffic light, turn left onto South Fruit Street. The Walker Building is the last building on your right.



Please note that parking at our entrance (south end of Walker Building) is limited. There is plenty of parking to the rear of the Walker Building (take the entrance at the State Archives Building, first left proceed past the Tobey School Building and enter the parking lot on your right).

REINSURANCE MARKET AND RECENT CAT EVENTS

With all of the hurricane activity during August and September, there has been much speculation in the insurance press as to what impact these events will have on insurance buyers, not only in Florida, but also nationally. A recent article in Business Insurance (Oct. 4) offered a perspective of mixed forecasts by various insurer, broker and industry analysts.

Estimates are still being developed as to the combined impact of the four storms, with current projections usually falling in a range from \$20 billion to \$35 billion of insured losses. Most analysts seem to be

agreeing that this level of losses will put a brake on property rate decreases that had started to show up nationally. A difference of opinion surfaces, however, on the question as to what happens beyond that. It was reported that several market observers feel that holding rates stable will be enough to allow reinsurance and insurance markets to weather this year's hurricane losses, while others predict the



capital depletion will create upward pressure on rates during the upcoming renewal cycle. New Hampshire risks are impacted primarily from changing reinsurance costs. These are typically finalized by year's end, and ultimately filter into future rate filings of insurers. It is possible that even though the hurricanes had no direct impact to New Hampshire properties, there will be a pricing impact in 2005 on insurance policies sold to NH risks with personal or commercial property exposure.

SOFTENING IN THE PROPERTY & CASUALTY MARKET

We have been seeing some signs at the Department that there may be some price "softening" in the P&C market. During 2002 and 2003, filings proposing any kind of a rate decrease were rare or non-existent. The average annual increase for filings made for several types of insurance

We have been seeing some signs at the Department that there may be some price "softening"

by all companies filing changes were in the double-digit range. This kind of "hard market" price activity was caused by several factors: (1) insurance cycle dynamics, (2) rising reinsurance costs, (3) ramifications of September 11, among others.

While the numbers of rate filings

made during 2004 remain at about the same level as during the past few years, we have observed both a moderation in the amount of change being requested on filings for rate increases and an increase in the number of filings actually involving an overall rate decrease. While still the exception, we are encouraged to see these as they are one sign that the cycle is beginning to turn.

SHOPPERS' GUIDES—AUTO AND HOME PREMIUM COMPARISONS

The Department is in the process of developing personal auto and homeowner shopper's guides. These will be part of a web-based consumer information system and will provide several on-line tools to assist consumers such as: up-to-date price comparisons of leading insurers, tips on how to lower costs of insurance, how companies use

credit. We are in the process of creating the databases and software applications we need to allow consumers to obtain interactive comparative price information that can be tailored to their own auto and home risk profiles and geographic



locations. We are targeting late in 2004 or early next year for roll-out.

COMPETITIVE PROPERTY & CASUALTY STUDY

On January 1, 2004, a new statute became effective which changed the means by which the NHID regulates Property and Casualty rates. In the past, either by statute or Department practice, insurers could not adopt rates without the express approval of the NHID. New Hampshire's new rating law no longer requires prior approval, now allowing companies to implement revised rates before notifying the Department, as often as they feel necessary and without significant constraints as to the overall amount of change. This type of rating law is often referred to as competitive rating or "open competition" and remains operative for each type of P&C insurance product as long as the insurance markets serving the

respective lines of business are competitive.

Under the new rating law, markets are presumed to be competitive unless the Commissioner determines that a reasonable degree of competition does not exist. The Commissioner and the NHID are to monitor the degree of competition, regularly assess the relevant information and hold hearings before issuing a final ruling. The Department is in the final stages of compiling its first annual report on competition in the P&C marketplace. Included in the report will be such information as



market share concentration, number of companies writing each line of insurance, entry and exit counts of active companies, industry profitability, availability, price trends, and other factors. Targeted for completion during the 4th quarter of 2004, the detailed report will be made available to the public as a printed document and posted on the NHID website.

SPEAKING OF INSURANCE !

Engagements you've missed.....

Commissioner Sevigny addressed a meeting of HR professionals in Concord on September 21st. The BIA sponsored event, and the topic was Health Insurance/Senate Bill 110.

On Tuesday, October 19, 2004 the Commissioner will participate in the Greater Concord Chamber of Commerce Breakfast Meeting program on "The Rising Cost of Health Insurance" to be held at the Grapone Conference Center, 7:30 a.m. to 9:00 a.m.

On September 22nd, the Commissioner was the guest speaker at a CPCU breakfast in Concord.

The Commissioner attended the October 12th CEO's Breakfast Series at St. Anselms' College at which Ted Kelly, CEO, Liberty Mutual Insurance Company addressed attendees on property and casualty insurance issues.

"On Golden Pond's" Minary Center was the meeting place for the Endowment for Health Retreat held on October 13th and 14th. The Commissioner attended the retreat.

Engagements to catch.....

Commissioner Sevigny is scheduled to be a guest on WGIR's (AM 610) – "Money Sense" with Marc Hebert on Saturday, October 16th, 9:00 a.m. to 11:00 a.m.

Cont.



SPEAKING OF INSURANCE ! CONT.

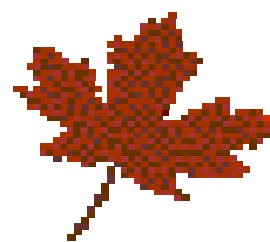
Small group health insurance is the topic that Commissioner Sevigny will discuss on WMUR, Channel 9's New Hampshire's Business with Fred Koker on October 24th.

The Department's Fraud Division Director Robert Stanton will be speaking at the Fraud Director's Conference in Austin, Texas on October 26th. The topic – staged accidents.

A description of the Department, its divisions and functions, is on the workshop agenda of the NH Chapter of the National Association of Insurance Women on Saturday, November 6, 2004 at the Holiday Inn in Nashua from 8:00 a.m. to noon. The Department will be represented by Kathy Belanger, Consumer Affairs Director; Lorette Gendron, Workers' Compensation Analyst; Mary Ellen Sasseville, Property Casualty Officer; and Barbara Anderson, External Review Officer.

On Wednesday, November 17, 2004 at 9:30 a.m., Kathy Belanger, Consumer Affairs Director is addressing the Kearsarge Council on Aging about Long-Term Care Insurance.

Ethical issues within insurance will be the topic of Commissioner Sevigny's address to the Hopkinton Rotary Club on November 17, 2004 at 7:00 a.m. at the Congregational Church in Hopkinton.



ENFORCEMENT—PRODUCER ACTIONS

Re: John F. Dudziak

1033 Written Consent

Docket No. N/A

Amended the previous written consent to allow Respondent to operate as a licensed Producer with some restrictions.

Order and Agreement:

September 15, 2004

Action and Penalty:

Approved Written Consent

Re: Susan R. Evans

Consent Order and Agreement

Docket No. INS NO. 04-035-EP

Failure to report an administrative action taken by another jurisdiction within 15 days of the final disposition.

Order and Agreement:

October 1, 2004

Action and Penalty: \$500.00 fine.

Re: Natalie Allard-Arell

Consent Order and Agreement

Docket No. INS NO. 04-031-EP

Providing incorrect, misleading, incomplete, or materially untrue information in the license application.

Order and Agreement:

July 14, 2004

Action and Penalty: License issued with a 1 year probation period.

Re: Jeremy L. Zajonc

Consent Order and Agreement

Docket No. INS NO. 04-023-EP

Providing incorrect, misleading, incomplete, or materially untrue information in the license application.

Order and Agreement:

July 8, 2004

Action and Penalty:

License issued with a 3 year probation period and a \$1000.00 fine.

Re: Dennis French

Consent Order and Agreement

Docket No. INS NO. 04-006-EP

Paid commission to unlicensed individual (s).

Order and Agreement:

March 4, 2004

Action and Penalty:

\$2500.00 fine.

Re: Timothy Holley

Consent Order and Agreement

Docket No. INS NO. 04-020-EP

Failure to report an administrative action taken by another jurisdiction within 15 days of the final disposition.

Order and Agreement:

September 23, 2004

Action and Penalty:

Producer license revoked.

Re: Michele Lynn Mankamyier

Consent Order and Agreement

Docket No. INS NO. 04-036-EP

Providing incorrect, misleading, incomplete, or materially untrue information in the license application.

Order and Agreement:

September 15, 2004

Action and Penalty:

License issued with a 2 year probation period and a \$950.00 fine.

Cont .

ENFORCEMENT—PRODUCER ACTIONS CONT.

Re: Cynthia Ann Rulman and
Rulman Specialty Lines Insurance Bro-
kers
Consent Order and Agreement
Docket No. INS NO. 04-021-EP
Producer license revoked in resident
state of Maine.
Order and Agreement:
July 23, 2004
Action and Penalty:
Producer license revoked.

Re: David A Tedesco
Consent Order and Agreement
Docket No. INS NO. 04-034-EP
Providing incorrect, misleading, incom-
plete, or materially untrue information
in the license application.
Order and Agreement:
September 7, 2004
Action and Penalty:
License issued with a 1 year probation
period.

Re: John W. Tesseyman, III
Docket No. INS No. 04-009-EP
Producer license revoked in resident
state of Texas.
Order and Agreement:
April 14, 2004
Action and Penalty:
Producer license voluntarily surren-
dered.

ENFORCEMENT—COMPANY ACTIONS

**Re: American Manufacturers Mu-
tual Insurance Company**
NAIC: 30562
Certificate of Authority restricted; Sus-
pended from writing new or renewal
business because of financial impair-
ment.
Effective: July 9, 2004.

**Re: American Motorists Insurance
Company**
NAIC: 22918
Certificate of Authority restricted; Sus-
pended from writing new or renewal
business because of financial impair-
ment.
Effective: July 9, 2004.

Re: Jefferson Insurance Company
NAIC: 11630
Certificate of Authority restricted; Sus-
pended from writing new or renewal
business because of financial impair-
ment.
Effective: July 9, 2004.

**Re: Lumbermens Mutual Casualty
Company**
NAIC: 22977
Certificate of Authority restricted; Sus-
pended from writing new or renewal
business because of financial impair-
ment.
Effective: July 9, 2004.

**Re: Private Residential Mortgage
Insurance Company**
NAIC: 37095
Certificate of Authority restricted; Sus-
pended from writing new or renewal
business because of financial impair-
ment.
Effective: July 9, 2004.

**Re: Providence Washington Insur-
ance Company**
NAIC: 24295
Certificate of Authority restricted; Sus-
pended from writing new or renewal
business because of financial impair-
ment.
Effective: July 9, 2004.

**Re: Sage Life Assurance of America,
Inc.**
NAIC: 93246
Certificate of Authority restricted; Sus-
pended from writing new or renewal
business because of financial impair-
ment.
Effective: July 9, 2004.

**Re: Specialty National Insurance
Company**
NAIC: 20524
Certificate of Authority restricted; Sus-
pended from writing new or renewal

business because of financial impair-
ment.
Effective: July 9, 2004.

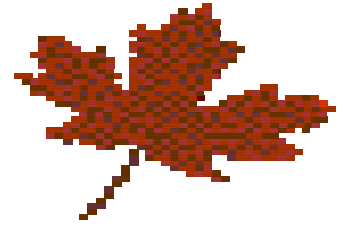
Re: TIG Insurance Company
NAIC: 25534
Certificate of Authority restricted; Sus-
pended from writing new or renewal
business because of financial impair-
ment.
Effective: July 9, 2004.

Re: Verex Assurance Inc.
NAIC: 18759
Certificate of Authority restricted; Sus-
pended from writing new or renewal
business because of financial impair-
ment.
Effective: July 9, 2004.



COMPANY INFORMATION

The following is a compendium of company changes.



COMPANY NAME CHANGES:

<u>OLD NAME</u>	<u>NEW NAME</u>	<u>EFFECTIVE DATE</u>
The Equitable Life Assurance Society of the U.S.	AXA Equitable Life Insurance Company	09/07/04
Safeco Life Insurance Company	Symetra Life Insurance Company	09/01/04
Nichido Fire & Marine Ins. Co. Ltd.	TNUS Insurance Company	07/01/04

NEWLY LICENSED COMPANIES:

<u>COMPANY NAME</u>	<u>TYPE OF LICENSE</u>	<u>EFFECTIVE DATE</u>
Caterpillar Insurance Company	Property and Casualty	09/29/04
General Fidelity Insurance Co.	Property and Casualty	10/06/04

COMPANY ACQUISITIONS:

<u>COMPANY NAME</u>	<u>ACQUIRED BY</u>	<u>EFFECTIVE DATE</u>
Valley Forge Life Insurance Co.	Swiss Re Life & Health America, Inc.	04/30/04

AMMENDED LICENSES:

<u>COMPANY NAME</u>	<u>LINE OF BUSINESS ADDED</u>	<u>EFFECTIVE DATE</u>
Fidelity Security Life Insurance Co.	Variable Annuity	08/25/04

REHABILITATIONS AND LIQUIDATIONS

The liquidation of The Home Insurance Company continues – here are some highlights: Respective State Guaranty Associations may shortly anticipate an early access distribution equal to 100% of their reported loss payments, less recoveries and deposits, as of June 30, 2004. The Proof of Claim filing deadline within the liquidation has passed, and as of September 7, 2004 over 11,000 proofs of claim have been logged into the liquidation's POC System. The NH Supreme Court issued an order vacating and remanding the Merrimack County Superior Court order concerning the AFIA Creditors English Scheme of Arrangement. Copies of court documents may be obtained by contacting the Merrimack County Superior Court's on-site Liquidation Clerk's Office is located at 286 Commercial Street, Manchester, NH, www.hicilclerk.org



STATE OF NEW HAMPSHIRE
INSURANCE DEPARTMENT
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CONCORD NH 03301